

# TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman  
Lynn Greer, Director  
Sara Kyle, Director



REC'D TN  
REGULATORY AUTHORITY  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505  
'00 JAN 5 AM 9 15

January 5, 2000

Mr. Greg Eubanks  
Director-Regulatory Accounting  
Telephone Electronics Corporation  
Box 22923  
Jackson, MS 39225

L. Vincent Williams, Esq.  
Cordell Hull Bldg  
2<sup>nd</sup> Floor  
425 5<sup>th</sup> Ave North  
Nashville, TN 37243-0500

Dear Mr. Eubanks and Mr. Williams:

In a letter dated December 28, 1999, the TRA was notified that TEC and the Consumer Advocate Division of the Office of the Attorney General had entered into a settlement agreement in regards to TEC's overearnings for 1999-2001 (Docket No. 99-00995). The Telecommunications Division of the TRA will be conducting an analysis of this settlement agreement between the two parties.

To assist the Staff with its analysis, it is requested that you furnish thirteen copies of the information itemized in the attachment to this letter titled, "Data Request."

Please comply with the following instructions for compiling the data requested:

1. Each copy of the data requested should be placed in a loose-leaf binder with each item tabbed. Each response should begin by restating the item requested.
2. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, "Item 1(a), sheet 2 of 6."
3. Careful attention should be given to copied material to insure that it is legible.

If there is a need for clarification of any attached request, please contact David Hood at (615) 741-2904, extension 176, before furnishing the response. It is requested that the information be submitted no later than January 14, 2000.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Waddell", written over the word "Sincerely,".

David Waddell, Executive Secretary  
Tennessee Regulatory Authority

c: Chairman Melvin Malone  
Director Lynn Greer  
Director Sara Kyle  
Mr. T.G. Pappas  
Mr. Joe Werner  
Mr. Richard Collier

## **Data Request**

January 5, 2000

### **1999 Adjustments:**

1. Provide all workpapers and supporting documentation used in calculating the "Increase in Depreciation and Amortization Expense" adjustment of \$586,080.
2. Provide all workpapers and supporting documentation used in calculating the "Impact of Dialing Parity" adjustment of \$161,565.

### **2000 Adjustments:**

3. Provide all workpapers and supporting documentation used in calculating the "Increase in Depreciation and Amortization Expense" adjustment of \$891,287.
4. Provide all workpapers and supporting documentation used in calculating the "Waive Non-Recurring Charges during Forecast Period" adjustment of \$168,420.
5. Provide all workpapers and supporting documentation used in calculating the "Impact of Dialing Parity" adjustment of \$646,260.
6. Provide all workpapers and supporting documentation used in calculating the "Elimination of Intracompany Toll" adjustment of \$21,525.
7. (a) Provide all workpapers and supporting documentation used in calculating the "Increase Contiguous County Calling Plan to 180 Minutes @ 50 Percent Discount ..." adjustment of \$141,269.  
  
(b) Provide the total contiguous county calls minutes by month for the latest 12-month period.
8. Provide all workpapers and supporting documentation used in calculating the "Monthly Credit of \$5.00 per Business Access Line" adjustment of \$175,289.
9. Provide all workpapers and supporting documentation used in calculating the "Monthly Credit of \$4.75 per Residence Access Line" adjustment of \$688,574.

### **2001 Adjustments:**

10. Provide all workpapers and supporting documentation used in calculating the "Increase in Depreciation and Amortization Expense" adjustment of \$989,741.

11. Provide all workpapers and supporting documentation used in calculating the "Waive Non-Recurring Charges during Forecast Period" adjustment of \$179,360.
12. Provide all workpapers and supporting documentation used in calculating the "Monthly Credit of \$5.00 per Business Access Line" adjustment of \$181,529.
13. Provide all workpapers and supporting documentation used in calculating the "Monthly Credit of \$4.75 per Residence Access Line" adjustment of \$714,228.

**Miscellaneous:**

14. (a) In prior years, TEC has capitalized digital switch software costs. Provide the amount of software costs capitalized. Also, explain why these software costs were capitalized instead of expensed and how the capitalization of these software costs comply with the Uniform System of Accounts (USOA).  
  
(b) Provide the USOA's support for the proposal of TEC and the CAD to establish the "special account" to aggregate and amortize these software costs.
15. TEC and the CAD agreed that \$720,000 of the overearnings of \$6.355 million was attributed to "the miss in earnings during the previous review period ...". Provide the calculation and all supporting documentation of the \$720,000 amount.
16. Provide the calculation and all supporting documentation of the "additional reduction in earnings" of \$655,000 referred to in the December 28, 1999 letter.
17. Provide a price-out of all intrastate intraLATA access revenues.
18. Provide a price-out of all intrastate interLATA access revenues.
19. (a) The December 28, 1999 letter refers to providing TEC customers with a "5.5 cents per minute" credit for contiguous county calls where TEC provides the billing for the carrier. Provide the calculation and all supporting workpapers for the 5.5 cents per minute credit.  
  
(b) Provide an explanation how customers of carriers not directly billed by TEC will receive their contiguous county call credit under this settlement agreement.
20. Provide the revenues, expenses, rate base(s), rates of returns, and calculations of the agreed overearnings of \$6,354,181.